APPENDIX D — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK DATED MARCH 14, 2000 AND FILED MARCH 15, 2000

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

96 Civ. 2579 (HB)

ACCUSCAN, INC.,

Plaintiff,

– against –

XEROX CORP.,

Defendant.

OPINION AND ORDER

Hon. Harold Baer, Jr., District Judge:

The jury rendered a verdict in this patent case on October 25, 1999 in favor of plaintiff AccuScan, Inc. ("AccuScan") for $9,716,379 after a second trial devoted to damages, and the issues of notice and the "on sale" bar. Xerox now moves pursuant to Rule 50(b) for judgment as a matter of law or, alternatively, requests a new trial pursuant to Rule 59. AccuScan moves pursuant to Rule 50(b) for the entry of prejudgment interest, and also seeks the taxation of costs against the defendant.

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For the reasons stated below, Xerox's motion for judgment as a matter of law or for a new trial is DENIED. Further, AccuScan is awarded prejudgment interest in the amount of $4,689,544.16, and is awarded costs in the amount of $45,874.83. The facts of this action are set out at length in my prior decisions and familiarity is assumed.

DISCUSSION

I. XEROX'S MOTION FOR JUDGMENT AS A MATTER OF LAW OR, ALTERNATIVELY, FOR A NEW TRIAL

Pursuant to Fed. R. Civ. P. 50(b), a court should only grant a motion for judgment as a matter of law when: (1) there is "such a complete absence of evidence supporting the verdict that the jury's findings could only have resulted from sheer surmise and conjecture," or (2) there is such an "overwhelming amount of evidence in favor of the movant that reasonable and fair minded" people could not have reached a verdict against moving party. *Samuels v. Air Transport Local 504*, 992 F.2d 12, 14 (2d Cir. 1993) (internal citations omitted). The Court "must consider all the evidence in a light most favorable to the non-mover, must draw reasonable inferences favorable to the non-mover, and must not substitute its choice for that of the jury between conflicting elements in the evidence." *Ortho Diagnostic Systems, Inc. v. Miles Inc.*, 865 F. Supp. 1073, 1078 (S.D.N.Y. 1994), *appeal dismissed*, 48 F.3d 1237 (Fed. Cir. 1995). Federal Rule of Civil Procedure 59 governs the decision whether to grant a new trial, a decision which is "committed

to the sound discretion of the trial judge." *Metromedia Co. v. Fugazy*, 983 F.2d 350, 363 (2d Cir. 1992), *cert. denied*, 508 U.S. 952 (1993). The power of a district court to grant a new trial based on the weight of the evidence is limited to instances where the jury's verdict can be seen as "seriously erroneous," *Piesco v. Koch*, 12 F.3d 332, 344 (2d Cir. 1993), or the verdict "is a miscarriage of justice." *Purnell v. Lord*, 952 F.2d 679, 686 (2d Cir. 1992) (citation omitted).

Xerox claims that it is entitled to judgment as a matter of law on the issues of actual notice, damages, and the patent's invalidity (the "on sale" bar). It argues that no reasonable jury could have concluded that AccuScan provided actual notice of infringement with regard to the SA4 scanner, 5775 color copier, and DocuTech system; that no reasonable jury could have concluded that AccuScan was entitled to damages based on the entire market value rule; and that no reasonable jury could have concluded that the patented invention was valid, because it was "on sale" one year prior to the actual date of filing the patent application and that the patent was ready for patenting. Further, Xerox seeks a new trial on the ground that this Court abused its discretion in limiting certain testimony at trial.

A judgment as a matter of law for the defendant in this case would be a miscarriage of justice. There is ample evidence to support the jury's verdict, and the test, i.e. that there be an "overwhelming amount of evidence" in favor of Xerox, was just not met. The jury was presented with evidence by both sides on each issue and, in my humble opinion, did precisely what is was supposed to do. It weighed

the evidence and assessed the credibility, and Xerox came up short. Therefore, Xerox's motion for judgment as a matter of law is denied.

In addition, Xerox's Rule 59 motion is misguided. The excluded testimony was the subject of a motion *in limine*, and was addressed at length before and during trial. Xerox has presented nothing new in its post-trial motion to convince me that ruling was "seriously erroneous" and resulted in a "miscarriage of justice." Because a party cannot use Rule 59 as way of rearguing claims raised at trial, *see Sassower v. Field*, 973 F.2d 75, 81 (2d Cir. 1992) (affirming denial of motion for new trial where motion was mere reargument of claims made at trial), *cert. denied*, 507 U.S. 1043 (1993), Xerox's motion for a new trial is denied.

II. PREJUDGMENT INTEREST

AccuScan moves this Court to modify the judgment entered to reflect an award of prejudgment interest. While Xerox agrees that AccuScan is entitled to prejudgment interest, the parties dispute the rate at which interest is to be awarded. AccuScan seeks prejudgment interest to be awarded based on the prime rate, compounded quarterly, which yields a total of $7,373,979.00.[1] In contrast, Xerox claims that prejudgment interest should be based on the 52-week Treasury Bill rate, compounded annually, which yields a total of $4,689,544.16.

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1. In its motion for prejudgment interest, Accuscan's memorandum states that it seeks a total amount of $7,379,979.00, yet its proposed order states a total amount of $7,381,567.00.

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An award of prejudgment interest aims to place the patent owner "in as good a position as [it] would have been in had the infringer entered into a reasonable royalty agreement." *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 655-56 (1983). The determination of the rate at which prejudgment interest is awarded is left to the sound discretion of the trial court. *See Laitrim Corp. v. NEC Corp.*, 115 F.3d 947, 955 (Fed. Cir. 1997); *Gyromat Corp. v. Champion Spark Plug Corp.*, 735 F.2d 549, 556 (Fed. Cir. 1984) (court has "substantial discretion" to determine the interest rate).

Here, a review of the record establishes that prejudgment interest awarded at the 52-week Treasury Bill rate, compounded annually, will adequately compensate AccuScan. This is the same rate set forth for awards of post-judgment interest, *see* 28 U.S.C. § 1961, and has often been employed by the Federal Circuit and other courts in awarding prejudgment interest in patent cases. *See, e.g.*, *Laitrim Corp.*, 115 F.3d at 955 (prejudgment interest at Treasury bill rate, compounded annually); *Datascope Corp. v. SMEC, Inc.*, 879 F.2d 820, 829 (Fed. Cir. 1989) (affirmed interest awarded at rate set forth in § 1961); *Intex Plastic Sales Co. v. Hall*, 20 USPQ2d 1367, 1371 (N.D. Cal. 1991) (interest awarded at rate set forth in § 1961, where applying higher rate was " 'too speculative"), *aff'd*, 960 F.2d 155 (Fed. Cir. 1992); *Polaroid Corp. v. Eastman Kodak Co.*, 16 USPQ2d 1481, 1541 (D. Mass. 1990) (interest awarded at Treasury Bill rate, compounded annually, where evidence failed to justify higher rate). AccuScan's arguments fail to convince me that the prime rate should be utilized, nor does the evidence warrant the application of that rate. Accordingly, prejudgment interest is awarded to AccuScan based on the 52-week Treasury Bill rate, compounded annually, in the amount of $4,689,544.16.

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III. TAXATION OF COSTS

The Judgment Clerk for the Southern District of New York awarded costs to AccuScan in the amount of $45,874.83 on December 10, 1999. Xerox objects to the taxation of costs for certain deposition transcripts and related witness fees, and seeks a reduction in costs of $10,704.37.[2] According to Xerox, these costs were not reasonably and necessarily incurred by AccuScan in presenting its case at trial, and should therefore be stricken.

The decision on taxation of costs is left solely to the discretion of the trial judge. *LoSacco v. City of Middletown*, 71 F.3d 88, 92 (2d Cir. 1995) (citing *Farmer v. Arabian Oil Co.*, 379 U.S. 227, 232-233 (1964)). The prevailing party has the burden of establishing that the taxation of costs is justified. *John and Kathryn G v. Board of Educ. of Mount Vernon Public Schools*, 891 F. Supp. 122, 123 (S.D.N.Y. 1995). With respect to deposition transcripts, Local Rule 54.1(c)(2) reads in pertinent part:

> Unless otherwise ordered by the court, the original transcript of a deposition, plus one copy, is taxable if the deposition was used or received in evidence at the trial, whether or not it was read in its entirety. Costs for depositions are also taxable if they were used by the court in ruling on a motion for summary judgment or other dispositive substantive motion.

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2. Specifically, these depositions were: Leonard Zuckerman, Peter Miller, David Haas, Charles Jacobson, Roy Lahr, Robert Yerman, Carl Kolker, George Stamps, and Robert Krallinger.

Xerox argues that several of the deposition transcripts taxed were never "used" at trial by AccuScan in presenting its case, but were used solely by the parties for impeachment purposes or merely referred to during questioning. Further, Xerox objects to certain other transcripts taxed, which were cited by Xerox in its Statement of Undisputed Facts as part of its summary judgment motion, but which were not cited by this Court in its order denying summary judgment.

In this Circuit, a deposition transcript may be taxed when it appears to be reasonably necessary to the parties at the time taken. *See DeHoust v. Baxter Healthcare Corp.*, 1999 WL 280423 (S.D.N.Y. 1999) (costs of transcripts allowed because depositions appeared to be reasonably necessary at time taken); *United States Football League v. National Football League*, 704 F. Supp. 474, 487 (S.D.N.Y. 1989). Here, AccuScan has established that the depositions taxed were used for purposes of impeachment at trial and for use with other witnesses who testified. Therefore, these depositions were "reasonably necessary" to AccuScan, and costs for those transcripts were properly taxed. Finally, depositions are considered "used" if they were submitted as part of a summary judgment motion and considered by the Court in reaching its decision, even if they are not cited by the Court. *See Walther v. Maricopa Int'l Inv. Corp.*, 1999 WL 816176, *2 (S.D.N.Y. 1999). Therefore, costs taxed for deposition transcripts utilized in the motion for summary judgment were also properly taxed. Accordingly, AccuScan is entitled to the full amount of $45,874.83 taxed as costs.

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CONCLUSION

For the foregoing reasons, Xerox's motion for judgment as a matter of law or, alternatively, for a new trial is DENIED. AccuScan is awarded prejudgment interest in the amount of $4,689,544.16, and is further awarded costs in the amount of $45,874.83. The Clerk of the Court is instructed to close this case.

SO ORDERED.

New York, New York
March 14, 2000

s/ Harold Baer, Jr.
U.S.D.J.